

# ESTES

EXPRESS LINES

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June 12, 2000

**General Office:**

The Honorable Linda Morgan, Chairman  
U.S. Surface Transportation Board  
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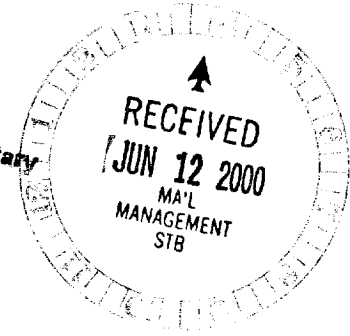
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RE Section 5a Application No. 61 (Sub. No. 6)  
National Classification Committee – Agreement  
Rebuttal Statement

Dear Chairman Morgan:

My name is Paul Dugent, Vice President Pricing & Traffic, of Estes Express Lines, Richmond, VA. Estes is a motor carrier of general commodities operating in interstate and intrastate commerce, principally in the eastern half of the U.S. Estes Express Lines participates in the National Motor Freight Classification (NMFC). I have been a representative for Estes serving on the National Classification Committee (NCC) for nine years. I am totally familiar with the NMFC and the classification system. I am writing on behalf of Estes Express Lines to support the NCC's classification process.

In response to the allegations of a number of shipper trade groups who contend that the NCC does not provide for adequate shipper participation in the process, I can personally attest that the NCC encourages shippers to participate and when shippers choose to do so, they receive support, guidance, the utmost in courtesy and careful consideration of their input. It is my true belief that representatives of some trade groups have an agenda to inhibit or destroy the classification process because in their words, "it is complicated and archaic". In support of that goal, they have misinformed their members to generate the perception that shippers do not have a voice in the process.

On numerous occasions I have personally requested shippers, whom we service, to participate in the classification process when it involves their products. Often the response is that they have been told that it will do no good to participate, as the carriers will not listen. As a member of many Classification Panels, I can personally attest that the Panel receives from the NCC staff the most accurate information obtainable on the transportation characteristics of commodities. The quantity of the information available to the staff is a function of the level of response by the shippers to requests for data. Often, their requests go unanswered. The Panel listens carefully to the information presented by shipper attendees. In many instances, the Panel has instructed the Staff to perform additional research, or it has voted to fail or amend a proposal based upon shipper contributions. Trade group representatives have stated that their members do not cooperate when asked for data because we use it against them. This perception comes from a misunderstanding of what the Panel can consider. As you well know, the NCC can only consider the transportation characteristics of density, liability, stowability and handling. If the shipper supplies information that confirms the research of the Staff, the Panel must follow the guidelines. However, the shipper perceives that the information he provided was used to counter his likely position that a classification change is unnecessary.

The trade group representatives have said, that the carriers use the NCC to raise rates. The classification provides information to the carrier that is an essential part of the costing process and is an integral part to many costing models. *Density* is a major influence in linehaul cost allocation. A trailer has two capacity constraints, weight and cube. *Density* tells us how a particular commodity will utilize those capacities. The greater the length of haul, the more important it is to have accurate density information. *Stowability* describes the loaded density of products. This also has a strong influence on linehaul cost allocation. The actual density of a product may have to be

adjusted if it inhibits the utilization of surrounding space. *Handling* influences dock cost allocation. In a normal LTL operation, a single shipment can be handled from four to seven times. *Liability* influences the amount of risk a carrier is willing to absorb relative to the compensation. The rise in price is a necessary reaction to the rise in carrier costs based on changing freight characteristics. Density is the major determinant of freight class unless one or more of the other factors becomes a major influence. It should surprise no one that the density of products is declining. It can be stated, without the need for justification, that metals are being replaced by plastics, and that more products are being shipped in displays and blister packs. Therefore, the increase in rates is caused by the increase in carrier costs because freight occupies more space in the trailer but has less weight. The classification reduces thousands of products down to eight categories. Without the classification, carriers would have to determine the density of every shipment prior to rating, determine the handling characteristics of every commodity before quoting a price and limit liability in every instance. It seems to me that we would be discarding simplicity for chaos.

My representation to the NMFTA and the NCC is an indication of the importance that Estes Express Lines places on these organizations. I take my responsibility very seriously. I recognize that my obligation to Estes and the carriers of Virginia, is to produce a classification that represents the transportation characteristics of commodities as accurately and timely as possible. In pursuit of that goal, it is necessary that the Staff and the shipping public cooperate to jointly provide the information that will ensure that carriers and shippers are treated with equity. Ultimately though, as it is with other businesses, it must be the carriers' right to determine the methodology for pricing their services.

Finally, to weigh these and other comments you will receive, I would suggest that you attend a Panel meeting to witness for yourself the classification process. Remember, the clothes you wear, the food you eat and the furnishings around your office were partially and perhaps entirely, transported by truck. We deserve your informed attention.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Paul J. Dugent", with a stylized flourish at the end.

Paul J. Dugent  
Vice President Pricing & Traffic

Certificate of Service

I hereby certify that I have this 12<sup>th</sup> day of June 2000, served a true and correct copy of the foregoing Rebuttal Comments upon all parties of record identified in the Surface Transportation Board's service list dated April 20, 2000, by first class mail, postage prepaid.

  
Paul Dugent